

Message Text

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TAGS:ETRD, GATT, TI, GE, CZ

SUBJ: WPS ON FINNISH-EAST EUROPEAN "FREE TRADE AREA"
AGREEMENTS
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REF: A. GATT/AIR/1246 B. GENEVA 277

1. WE HAVE NO OBJECTION TO POSTPONING NEXT MEETING OF WP ON FINNISH-CZECHOSLOVAKIAN AGREEMENT UNTIL LATE APRIL (REFTTEL). WE WOULD LIKB, IF POSSIBLE, TO SCHEDULE THE FIRST MEETING OF THE WP ON THE FINNISH-GDR AGREEMENT FOR THE SAME WEEK.

2. FOLLOWING IS TEXT OF QUESTIONS FOR PARTIES TO THE FINNIS-GDR AGREEMENT DUE JANUARY 23 (REF GATT/AIR)

BEGIN TEXT:

1. THE PREAMBLE STATES THAT THIS AGREEMENT SHALL NOT EXEMPT "THE CONTRACTING PARTIES FROM THE RIGHTS AND OBLIGATIONS DEVOLVING UPON THEM FROM OTHER INTERNATIONAL AGREEMENTS." WHAT OTHER INTERNATIONAL AGREEMENTS ARE EACH OF THE PARTIES SUBJECT TO WHICH MIGHT AFFECT THE DIRECTION, VOLUME, AND VALUE OF THEIR INTERNATIONAL TRADE? IF ANY OF THESE OTHER INTERNATIONAL AGREEMENTS OBLIGATE EITHER PARTY TO EXPORT OR IMPORT CERTAIN QUANTITIES OF ANY COMMODITY, EITHER BY VALUE OR BY VOLUME, WOULD THE PARTIES PROVIDE SPECIFIC INFORMATION REGARDING THESE OBLIGATIONS?

2. ARTICLE XXIV: 4 SPEAKS OF THE "DESIRABILITY OF INCREASING FREEDOM OF TRADE BY THE DEVELOPMENT, THROUGH VOLUNTARY AGREEMENTS, OF CLOSER INTEGRATION BETWEEN THE ECONOMIES OF THE COUNTRIES PARTIES TO SUCH AGREEMENTS". WOULD THE PARTIES EXPLAIN HOW AND TO WHAT EXTENT THIS AGREEMENT WILL BRING ABOUT "CLOSER INTEGRATION BETWEEN THE ECONOMIES" OF FINLAND AND THE GDR?

3. HAVE THE PARTIES TO THE AGREEMENT TAKEN INTO CONSIDERATION THE EXTENT TO WHICH THE MUTUAL EXTENSIONS OF PREFERENTIAL TREATMENT IN THE FINNISH AND GDR MARKETS WILL AFFECT THIRD COUNTRY TRADE? WHAT MEASURES HAVE BEEN TAKEN TO MINIMIZE ANY ADVERSE EFFECT OF THE AGREEMENT ON THIRD COUNTRY TRADE?

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4. BY WHAT MEANS DO THE PARTIES INTEND TO ENSURE THAT MUTUAL TRADE DEVELOPS IN "A SATISFACTORILY BALANCED MANNER" AS PROVIDED IN ARTICLE 1A? HOW WILL THIS AGREEMENT AFFECT THE CURRENT BILATERAL CLEARING ARRANGEMENT?

5. THE AGREEMENT DOES NOT REDUCE BARRIERS TO TRADE FOR PRODUCTS FALLING IN BTN CHAPTERS 1-24 (AGRICULTURAL

PRODUCTS). WHAT DO THE PARTIES ESTIMATE WOULD HAVE BEEN THE IMPACT ON THEIR RESPECTIVE AGRICULTURAL SECTORS HAD BARRIERS TO TRADE IN AGRICULTURAL PRODUCTS BEEN REDUCED TO THE SAME EXTENT, AND AT THE SAME PACE, AS WERE BARRIERS TO PRODUCTS FALLING IN BTN CHAPTERS 25-99, AS PROVIDED BY ARTICLE 3, PARA 2?

6. DO THE PARTIES CONSIDER THAT THEY HAVE FULFILLED THE REQUIREMENT OF ARTICLE XXIV THAT THE AGREEMENT ELIMINATE BARRIERS TO TRADE IN "SUBSTANTIALLY ALL THE TRADE BETWEEN THE CONSTITUENT TERRITORIES IN PRODUCTS ORIGINATING IN SUCH TERRITORIES" WHEN BOTH PARTIES PRODUCE AND EXPORT SUBSTANTIAL QUANTITIES OF AGRICULTURAL PRODUCTS?

7. WOULD THE PARTIES TO THE AGREEMENT DESCRIBE THE "CHARGES HAVING AN EFFECT EQUIVALENT TO CUSTOMS DUTIES ON IMPORTS " WHICH WILL BE ELIMINATED UPON ENTRY INTO FORCE OF THE AGREEMENT AS PROVIDED IN ARTICLE 5? WOULD THE PARTIES PROVIDE A LIST OF THOSE NATIONS (OR AREAS) WHOSE IMPORTS WILL REMAIN SUBJECT TO SUCH "CHARGES" AFTER THIS AGREEMENT ENTERS INTO FORCE?

8. IN REFERENCE TO ARTICLE 6 OF THE AGREEMENT, COULD THE PARTIES SPECIFY WHAT IS MEANT BY "OTHER INTERNAL CHARGES ON GOODS?"

9. WHAT ARE THE QUANTITATIVE RESTRICTIONS CURRENTLY IMPOSED BY EACH OF THE PARTIES THAT WILL BE ELIMINATED IN ACCORDANCE WITH ARTICLE 8? WHICH ARE BILATERAL?

10. ARTICLE 9 OF THE AGREEMENT CALLS ON THE GDR TO USE "THE MEANS PROVIDED BY ITS ECONOMIC SYSTEM ... TO LIMITED OFFICIAL USE

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PROVIDE FOR THE FINNISH EXPORTS ADVANTAGES CORRESPONDING TO THOSE ENJOYED BY THE EXPORTS OF THE GERMAN DEMOCRATIC REPUBLIC ON THE FINNISH MARKET..." FOR GOODS COVERED BY THE AGREEMENT. GDR GOODS ON THE FINNISH MARKET WILL BE TREATED AS EQUIVALENT TO DOMESTICALLY PRODUCED GOODS AFTER THE TRANSITION PERIOD. WHAT MEANS WILL BE USED BY THE GDR TO PRODUCE THE SAME RESULT?

11. IF A PRODUCT EXPORTED FROM THE GDR TO FINLAND UNDER THE AGREEMENT IS IN HEAVY DEMAND BY CONSUMERS, THE VOLUME OF EXPORTS AND/OR THE PRICE WILL INCREASE. WILL THE SAME THING HAPPEN IN THE CASE OF A FINNISH PRODUCT EXPORTED TO THE GDR? IF SO, THROUGH WHAT MECHANISM?

12. ARTICLE 10 REFERS TO SAFEGUARD MEASURES WHICH THE PARTIES MAY USE UNDER CERTAIN CIRCUMSTANCES. BESIDES WITHDRAWAL OF TARIFF CONCESSIONS, WHAT OTHER TYPES OF SAFEGUARD MEASURES DO THE PARTIES ENVISAGE WOULD BE USED SHOULD SAFEGUARD ACTION BE NECESSARY? WOULD ANY OF THE SAFEGUARD PROVISIONS OF THE AGREEMENTS BE APPLICABLE TO "ENSURE THE DEVELOPMENT OF THEIR MUTUAL TRADE IN A SATISFACTORILY BALANCED MANNER"? (ARTICLE 1.) WHAT TYPES OF SAFEGUARDS WOULD EACH PARTY CONSIDER APPROPRIATE UNDER SUCH CIRCUMSTANCES?

13. ARTICLE 10 PARAGRAPH ONE REFERS TO "DISRUPTION TO THE DOMESTIC MARKET OR PRODUCTION" IN ONE CONTRACTING PARTY CAUSED BY INCREASED IMPORTS FROM THE OTHER. COULD YOU EXPLAIN THE DIFFERENCE BETWEEN DISRUPTION OF THE DOMESTIC MARKET AND DISRUPTION OF PRODUCTION, WITH REFERENCE TO BOTH THE GDR AND FINLAND?

14. ARTICLE 10 PARAGRAPH 2 OF THE AGREEMENT STATES THAT SAFEGUARD MEASURES MAY BE TAKEN BY A CONTRACTING PARTY IF "SERIOUS DISTURBANCES ARISE IN ANY SECTOR OF THE ECONOMY OR IF DIFFICULTIES ARISE WHICH COULD CAUSE DETERIORATION IN THE ECONOMIC SITUATION OF A REGION."

DOES THIS MEAN THAT SAFEGUARDS COULD BE INTRODUCED LIMITED OFFICIAL USE

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WHETHER OR NOT THE DISTURBANCES OR DIFFICULTIES WERE ATTRIBUTABLE TO IMPORTS FROM THE OTHER CONTRACTING PARTY? WHAT SORT OF SAFEGUARDS ARE HERE ENVISIONED, AND WOULD THEY BE BILATERAL OR NONDISCRIMINATORY?

15. TO WHAT SITUATIONS COULD THE SAFEGUARDS AUTHORITY UNDER ARTICLE 12:3 APPLY THAT WOULD NOT ALSO BE COVERED BY 10:1 OR 10:2?

16. WHAT MEASURES WILL THE PARTIES UTILIZE TO ENSURE THAT ANY SAFEGUARD ACTIONS TAKEN, AS PROVIDED FOR IN THE AGREEMENT, WILL NOT HAVE THE EFFECT OF DISCRIMINATING AGAINST THIRD COUNTRY EXPORTERS?

PROTOCOL NO. 1

1;. DOES PROTOCOL NO. 1 OBLIGATE EITHER PARTY TO TAKE ANY ACTION IT IS NOT NOW TAKING WITH REGARD TO AGRICULTURAL TRADE IN GENERAL.

1E. ARTICLE 4 OF PROTOCOL NO. 1 REFERS TO "POSSIBILITIES TO ENLARGE THE PRODUCT COVERAGE OF THE AGREEMENT."

WHAT ARE THESE POSSIBILITIES? DO THE PARTIES FORESEE THE EVENTUAL INCLUSION OF AGRICULTURAL PRODUCTS AMONG PRODUCTS FOR WHICH CUSTOMS DUTIES AND OTHER BARRIERS TO TRADE WILL BE ELIMINATED?

PROTOCOL NO. 2

19. PROTOCOL NO. 2 REFERS ONLY TO PRODUCTS EXPORTED BY THE GDR TO FINLAND. WHY WAS IT NOT FELT NECESSARY TO ALSO SPECIFY CERTAIN PRODUCTS FLOWING FROM FINLAND TO GDR FOR SPECIAL TREATMENT? DOES THIS NOT ADD AN ELEMENT OF IMBALANCE TO THE AGREEMENT?

20. WHY WAS A MORE LENGTHY TIMETABLE FOR THE IMPLEMENTATION OF TARIFF CUTS AND THEIR EVENTUAL ELIMINATION ON PRODUCTS IN LIST 1 OF PROTOCOL 2 CONSIDERED NECESSARY? WHAT DISTINGUISHED THESE PRODUCTS FROM OTHERS WHICH WILL ENJOY DUTY FREE TREATMENT UNDER THE AGREEMENT MORE THAN SEVEN YEARS SOONER?
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21. PROTOCOL NO. 4 LIST 1 SPECIFIES A NUMBER OF MINERAL AND PETROLEUM PRODUCTS ON WHICH FINLAND MAY RETAIN QUANTITATIVE RESTRICTIONS. HOW WILL A "REASONABLE SHARE" OF THE FINNISH MARKET FOR GDR EXPORTS OF THESE PRODUCTS BE DETERMINED? OVER THE PAST THREE YEARS, WHAT QUANTITIES OF EACH OF THESE PRODUCTS WERE IMPORTED INTO FINLAND, AND FROM WHAT SUPPLIER?

TRADE COVERAGE

22. WHAT WAS THE TOTAL VALUE AND PERCENTAGE OF IMPORTS BY FINLAND FROM THE GDR FOR EACH OF THE TWO MOST RECENT YEARS FOR WHICH TRADE STATISTICS ARE AVAILABLE? WHAT ARE THE COMPARABLE FIGURES FOR IMPORTS BY THE GDR FROM FINLAND.

23. WHAT ARE THE VALUE AND PERCENTAGE OF THESE IMPORTS:

A) AGRICULTURAL PRODUCTS (I.E. BTN 1-24)?

B) INDUSTRIAL PRODUCTS (I.E. BTN 25-99)?

24. WHAT VALUE AND PERCENTAGE OF TOTAL FINNISH INDUSTRIAL IMPORTS FROM THE GDR FALL UNDER THE EXTENDED DUTY REDUCTION PROVISIONS OF PROTOCOL 2? ROBINSON

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